

IN FOCUS

A quarterly newsletter of stories from across the Wesfarmers Group



A MESSAGE FROM ROB

2020 is a year Australia and the world will not, and should not, forget. In summer, our nation endured bushfires which devastated many communities and made climate risk horribly real to us all, no matter where we live. With the recovery effort barely underway, a global pandemic now known universally as COVID-19 has changed all our lives in ways which previously would have been inconceivable.

As much as these events have been catastrophic, they have also brought out the best in us. We have seen extraordinary courage, generosity, resilience, resourcefulness, agility, adaptability and creativity. In our national and individual responses to COVID-19, with few exceptions we have seen unity, collaboration and enormous community spirit.

We needed strong and decisive leadership and support from all levels of government, business, unions and community organisations, and we received it, at a pace which would have been unthinkable six months ago. After two decades of regrettable erosion in community trust in large institutions, it has been pleasing to see focus return to the value and importance of the roles we all play in keeping our society functioning – from urgent multi-billion dollar support packages, to temporary changes to industrial rules to keep people in jobs, to making sure a respirator mask or school laptop is available where and when it's needed. Not everything has been perfect of course, none of us had a manual for what we have faced, but we have worked together well to meet huge challenges.

I particularly acknowledge and thank the more than 100,000 team members across the Wesfarmers Group for their incredible efforts to support each other and their communities this year. I could not be prouder of the significant contribution our team has made and the great dedication they have shown. I would also like to thank our governments for their willingness to engage with business and others during the COVID-19 period, to seek input, advice and real-time data, to better inform their country-changing decisions. We were fortunate in Australia to have a National Cabinet that acted early and quickly with the objective of managing the dual health and economic crises, to keep us safe and minimise the shutdown of our economy, keeping as many people working as possible. Let's not forget what we mean by an economy – it's our livelihoods, our way of life, our ability to access the products and services we rely on, it's about our self-esteem and our mental as well as physical health. This crisis has truly highlighted how inter-connected we are.

A key driver of Wesfarmers' growth and development over the last 105 years is our focus on managing our businesses for the long term. In times of crisis, you must respond quickly but not let short term returns drive your actions. We have rapidly implemented changes to ensure our businesses can keep supplying important products and services in a way which is safe for our team and our customers and in line with government and medical advice. We have invested in additional safety processes, accelerated our online sales capabilities, provided additional paid leave and support to team members impacted by COVID-19 and maintained supplies to critical industries. Customers of businesses like Bunnings, Officeworks, Kmart, Target and Catch have told us they were thankful we were able to provide products, not just for essential purposes, but to keep them active and occupied when they have been in isolation. We have also provided hardship support to various customers and suppliers, subsidised access to products for vulnerable customers and provided additional urgent funding to some of our most severely impacted community partners.

We all know it is a long road out from here. We must remain vigilant about the continuing health risk, our economy is under great strain and the outlook in Australia and globally is uncertain. Let's continue to work together in the same spirit of co-operation and national interest to ensure our strong recovery and future prosperity.

— ROB SCOTT, MANAGING DIRECTOR

MACBETH REIMAGINED IN NOONGAR LANGUAGE

Before Australia's theatres went dark in March, sell-out audiences in Perth were treated to an extraordinary world premiere. With support from Wesfarmers Arts, Australia's first large-scale Shakespeare production presented entirely in Indigenous language premiered to critical acclaim, as part of the 2020 Perth Festival.

Hecate – which interprets afresh the story of Macbeth – is a landmark work in Australian theatre, created by director Kylie Bracknell with Yirra Yaakin Aboriginal Theatre. It is the first work for the stage to be presented solely in the endangered language of the Whadjuk Noongar people of Perth and the Swan Coastal Plain region of Western Australia – the home of Yirra Yaakin and Wesfarmers.

"Nine years ago, my cousin and modern theatre visionary Kyle J Morrison revealed his dream idea to develop a full Shakespeare work in Noongar language. Although initially surprised by the audacity of the idea, I jumped at the chance to collaborate and pay homage to the survival of our language," says Bracknell.

Hecate, queen of the witches, is usually omitted from productions of Macbeth. Most directors are unsure of what to do with her. In Bracknell's production she is at the heart of everything, watching as Macbeth seeks power at any cost, all the while knowing that order must be restored; that Country always trumps human ambition and greed.

Four years in the making, this new adaption required Yirra Yaakin's creative team to spend years studying and reclaiming their Noongar language to showcase the expressive qualities of one of the oldest living languages in Australia but one estimated to now be used by just 240 fluent speakers.

Wesfarmers has been the principal production partner since Yirra Yaakin first formulated the idea for the production, which was developed in collaboration with another long-term Wesfarmers Arts partner, Bell Shakespeare Company.

Hecate will begin a national tour at the Sydney Festival in 2021.



BUSHFIRE RECOVERY GOES ON

Like everyone across the country, we were shocked by the devastating fires that struck communities across Australia last summer. With COVID-19 overshadowing almost everything since the fires were extinguished, we know that many people have only just begun to rebuild their lives and communities.

Together with our team and customers, Wesfarmers has contributed over \$4 million to the bushfire relief and recovery efforts, including through direct donations and two national Bunnings sausage sizzle fundraisers. But perhaps more importantly than financial aid, many of our businesses were uniquely placed to provide direct assistance immediately to many local communities because of our on-ground presence and

effective supply chain. This included providing critically needed products, where and when needed, ranging from masks to generators and cleaning products, as well as allowing our teams to take paid leave to help with the response.

We take this opportunity to again thank the teams across our various businesses for their tireless efforts and the contribution they will continue to make to help their communities rebuild.

TARGET AND KMART NETWORK CHANGES

In late May, Wesfarmers announced significant changes to the Target and Kmart store networks, with the aim of making Target more commercially viable. A number of actions will be taken over the next year to address the unsustainable financial performance of Target and accelerate the growth of Kmart, including the conversion of a number of Targets to Kmart stores and the closure of Target stores not suited for conversion.

We are very aware this will have a significant impact, most importantly on our team members, customers and on regional communities, where Target Country stores will close and not convert to a new, small format Kmart Hub store.

Since announcing this change, Wesfarmers and Kmart Group have received many messages of concern but also recognition that businesses need to be sustainable in the long term. Target has struggled for many years and has incurred very significant losses. In its current form, it is not viable. Its costs are too high, including the cost of operating and supplying a large network of physical stores in regional Australia of varying sizes stocking varying ranges. These problems are not unique to Target. For a number of years, there has been ongoing disruption in the retail sector impacting many retailers. Over the last decade, Target has also

faced significant competition from new international retailers, online retailers and other department stores, including Kmart which has been a disrupter itself in this sector.

Within Wesfarmers, we have made every effort to find a sustainable path forward for Target. However, it is now impossible to continue to run Target at the current size. Rather than close the business, we considered many options to avoid store closures and retain our people where we can. In regional Australia, about half Target Country stores, 52, are suited to being converted to smaller format Kmart Hub stores. These meet a range of criteria including location, population catchments and store size.

Regrettably, many regional sites are not suitable for conversion and those impacted communities have been advised that we cannot revisit the decision.

We acknowledge this is a tough time for some of our team members and customers, and we are supporting them as best we can, including identifying redeployment opportunities in other Wesfarmers businesses. We continue to focus on improving Target's online offer and we're working hard to retain the convenience our customers currently have access to in store, by providing a range of online pickup and delivery options.

Across Wesfarmers we are confident we will be able to create more jobs for Australians over the next year, including in regional Australia.



WHEN BUSINESSES THRIVE, REGIONS THRIVE

The important role that successful growing businesses like Bunnings and Kmart play in regional communities has been showcased as part of the Business Council of Australia's Strong Australia Network initiative.

Before COVID-19 severely limited travel, the BCA hosted its first event for 2020 in February in the south west Western Australian town of Busselton, about three hours from Perth, Wesfarmers' home base. Partnering with the local chamber of commerce, it brought together suppliers, distributors, employees, customers and business organisations to discuss the issues facing regions. This included a business lunch and panel discussion with BCA Chief Executive Officer and Wesfarmers board member, Jennifer Westacott AO, Wesfarmers Managing Director, Rob Scott, ATCO Gas Division President Stevan Green and Busselton Mayor Grant Henley.

While the Target Country store in Busselton is one of those that will close following a strategic review of Target, other Wesfarmers' retail businesses in the region have a strong future and are growing and providing great employment and skills development opportunities.

Rob and Jennifer's time in town included a visit to Bunnings Busselton, where they met Complex Manager Lockie Hill and 17-year-old new team member Chelsea Smith. With up to 400 applications for entry level positions at the store, Chelsea knew she needed an edge to land the job. By being part

of Busselton Senior High School's Vocational Education and Training (VET) program in business studies, she was given access to work experience with Bunnings, as well as a training session delivered by Lockie. Lockie says he makes a point of spending time with students, regularly running presentations and training sessions on how to apply for jobs and perform well in interviews, as well as to build resilience for inevitable setbacks.

"Retail provides opportunities for the development of some very sought-after skills that are applicable to many industries, as well as many career development opportunities - most importantly interpersonal skills, the ability to work as a team, to motivate and to lead," he says.

With 105 local team members, the economic contribution the Bunnings store makes to Busselton includes employment, keeping purchases in the local community, and investment in skill development and training.

Kmart's Busselton store opened in November 2018, nearly 20 years after locals first started a petition to lure Kmart to town, to provide more options for every day, affordable shopping. It employs 147 locals, works with local community organisations, and in the first financial year of trading generated \$21 million in sales.

"Wesfarmers has operations through many regional areas, so the regions are incredibly important for us," Rob Scott says.



PRINTING A BRIGHTER FUTURE FOR SMALL BUSINESSES

Supporting the communities where its team members live and work is something Officeworks is passionate about. With the small business community across Australia feeling the pinch due to restricted trading during the COVID-19 pandemic, and with many still dealing with the impacts of the bushfires, Officeworks team members, including Managing Director Sarah Hunter (left) set out to connect with businesses in their local communities and offer support by way of free printed goods. Whether signage and floor decals to help clothing stores with physical distancing, posters with new opening hours for beauty salons, or takeaway

menus for cafes and restaurants, Officeworks leveraged its wide range of Print, Copy & Create services to support these businesses trade safely.

Over five weeks in April and May, the Officeworks team supported more than 1,100 small businesses nationwide, with 132 stores connecting with local businesses in their communities. The connections the team members have made through reaching out and lending a hand when small businesses needed it most is just the start. Officeworks is committed to supporting businesses across the country get back on their feet and to thrive beyond the pandemic.

FROM LITTLE THINGS, BIG THINGS GROW

Twenty years ago, a small program began in Western Australia which aimed to keep Aboriginal and Torres Strait Islander boys and young men at school and to improve their life skills and prospects. Since then, more than 4,000 young men around Australia have completed Year 12 and transitioned to further study and into employment, after participating in the Clontarf Foundation program.

In February in Perth, the two decade milestone was celebrated with a special reunion dinner for the Clontarf Academy's first Year 12 Graduating Class of 2002. Senior representatives from a number of Clontarf's major partners attended, including

Wesfarmers Chairman Michael Chaney - who was CEO when Wesfarmers became the Foundation's first corporate partner back in 2001 - our Chief Financial Officer, Anthony Gianotti, and Ian Hansen, CEO of Wesfarmers Chemicals Energy and Fertilisers, which has long employed Clontarf Academy graduates.

Congratulations to Clontarf on the great work done to give so many young men a brighter future. We look forward to continuing to work with Clontarf this year, as it surpasses the 9,000-participant mark, with almost 850 young men currently in Year 12 - and more than 300 working for Wesfarmers businesses.

